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## A New Option for Long Term Care Needs

Long Term Care is one of the more misunderstood segments of health care, and because of that it jeopardizes the financial well being of many people in this country, regardless of their level of wealth. According to industry estimates, almost 70% of people who make it to age 65 will need some level of Long Term Care (LTC) in their lives. There are several ways that people finance their LTC needs, including liquidation of savings and other assets, benefits from Medicaid, LTC insurance, and accelerated benefits from life insurance policies. Contrary to what many believe, Medicare is not a viable source of funding for LTC needs. And because of the government's tightening of Medicaid eligibility for LTC in recent years, it is more difficult to qualify unless you have spent your assets down to what is considered a poverty level. For those reasons, LTC insurance is becoming a more important part of the solution to meet LTC needs. However, while most Americans have some sort of health care coverage, nearly two thirds of Americans do not have insurance protection to cover the costs associated with LTC services. That is in part because of the cost of premiums for LTC insurance as well as the complexity of some LTC policies. One of the provisions in this year's health care legislation that received little attention is called the Community Living Assistance Services and Support Act (CLASS Act), which may provide many Americans with a way to manage their LTC needs more effectively.

### What is the CLASS Act?

- It is a national insurance program funded by contributions from voluntary deductions withheld from your payroll check
- If an employer participates in the program, all employees will be automatically signed up, but anyone who chooses can opt out of enrollment in the program
- For individuals with an employer that does not participate in the program, there are other options to enroll
- Likewise persons who are self-employed or retirees may also be eligible to participate
- In practice the funding of the program is much like Social Security in that it is like a payroll tax, but the difference is your participation is optional

### When does the CLASS Act go into effect?

- Officially the CLASS Act begins on January 1, 2011, but the way the legislation has been written there are still provisions that must be finalized
- The Secretary of Health and Human Services must fill in the details of the program by the fall of 2012, so practically speaking the CLASS Act may not go into effect until 2012 or 2013

### Who is an eligible participant in the CLASS Act?

- Anyone age 18 and over who is an active worker and not housed in a nursing home is eligible to participate
- The definition of an active worker is one of the details that must be defined before the program goes into effect
- Persons who have pre-existing conditions like disabilities or other health issues cannot be excluded from participating in the program

### How do CLASS benefits work in practice?

- You can receive a cash benefit of \$50-75 if you meet the qualifications of having paid into the program for at least 5 years, having been actively working (full or part time) 3 of those 5 years, and qualifying as a person needing LTC according to loss of the ability to perform 2 Activities of Daily Living (ADLs)

As a governmental program, the CLASS Act is not the complete answer to satisfying LTC needs of individuals much like Social Security is not the complete answer to American's retirement needs. But realizing that an LTC event can have a devastating impact on your family's financial well being, having an understanding some of the highlights of the CLASS Act and how you can use it to supplement your overall LTC plan can be a valuable tool in your arsenal.

### Stewardship Emphasis

*Everyone wants to be self sufficient throughout their lifetime, but the reality is that most people will need someone to help them at some point. Preparing in advance for that event is the caring thing to do for everyone involved.*



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